

## Message Text

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21

ACTION TRSE-00

INFO OCT-01 EUR-12 ISO-00 EB-07 L-03 COME-00 CIAE-00

INR-07 NSAE-00 OMB-01 /031 W

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R 301732Z JAN 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6099

INFO AMEMBASSY LONDON

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PASS TREASURY FOR ASSISTANT SECRETARY WALKER

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: GERMAN CORPORATE TAX REFORM

REF: BONN 1130

1. BAUDLER, ACCOMPANIED BY REPRESENTATIVES OF AMERICAN FIRMS IN GERMANY, CALLED ON EMBASSY TODAY FOR DISCUSSIONS OF CORPORATE TAX REFORM. BAUDLER SAID THAT AMERICAN CHAMBER HAS GAINED THE IMPRESSION THAT DURING RECENT WEEKS GERMAN INDUSTRY AND POLITICIANS HAVE DEVELOPED SECOND THOUGHTS CONCERNING EFFECT OF THE PROPOSED CORPORATE TAX REFORM ON BOTH INDIVIDUAL FOREIGN SHAREHOLDERS IN GERMAN FIRMS AND FOREIGN DAUGHTER COMPANIES IN GERMANY. THE CHAMBER FEELS THAT GERMAN GOVERNMENT UNDER PRESSURE TO FIND SOME WAY OF AMELIORATING THESE EFFECTS THROUGH CHANGES IN DOUBLE TAXATION TREATIES. BUNDESTAG COMMITTEES ARE NOW PUSHING AHEAD ON CORPORATE TAX REFORM WHICH IS EXPECTED TO BE ENACTED QUICKLY.

2. THE CHAMBER ALSO RAISED THE NEW DOUBLE TAXATION CONVENTION BETWEEN THE US AND THE UK NEGOTIATED TO AMELIORATE SOME OF THE EFFECTS OF BRITISH CORPORATE

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TAX ON AMERICAN COMPANIES AND INQUIRED WHETHER THE

US WILL SEEK A RENEGOTIATION OF THE US/GERMAN  
DOUBLE TAXATION CONVENTION AFTER THE ENACTMENT OF  
THE GERMAN CORPORATE TAX REFORM.

3. BAUDLER INQUIRED AS TO THE RESULTS OF THE  
WALKER/OFFERGELD MEETING AND WHETHER EITHER OFFERGELD  
OR WALKER HAD RAISED THE SUBJECT OF MODIFYING US/  
GERMAN DOUBLE TAXATION AGREEMENT TO AMELIORATE EFFECTS  
OF PROPOSED CORPORATE TAX REFORM. WE TOLD BAUDLER  
THAT WE ARE UNAWARE OF WHAT HAD TRANSPIRED AT  
WALKER/OFFERGELD MEETING. IT HAD BEEN OUR UNDER-  
STANDING THAT OFFERGELD WAS PLANNING TO RAISE QUESTION  
OF PREFERENTIAL DIVIDEND WITHHOLDING (15 PERCENT) IN  
US/GERMAN DOUBLE TAXATION TREATY AND WE WERE NOT  
AWARE OF SECOND THOUGHTS IN GERMAN GOVERNMENT  
CONCERNING EFFECT OF REFORM ON US DAUGHTER COMPANIES.  
WE PROMISED TO BE IN TOUCH WITH CHAMBER AS SOON AS  
WE RECEIVED ADVICE FROM WASHINGTON ON THE QUESTION  
OF MODIFYING DOUBLE TAXATION TREATY.  
CASH

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TAX REFORMS, CENTRAL GOVERNMENT TAXES, TAX AGREEMENTS, DOUBLE TAXATION, BUSINESS FIRMS, SUBSIDIARIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 30 JAN 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976BONN01685  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760037-0275  
**From:** BONN  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1976/newtext/t1976016/aaaaaetn.tel  
**Line Count:** 81  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION TRSE  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 BONN 1130  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 27 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <27 APR 2004 by izenbei0>; APPROVED <17 MAY 2004 by morefirh>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GERMAN CORPORATE TAX REFORM  
**TAGS:** EFIN, GE, US, (BAUDLER, PAUL)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006